

CONSUMER ALERT

Indiana Department of Insurance
311 W. Washington Street, Suite 103
Indianapolis, IN 46204-2787



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FOR IMMEDIATE RELEASE

What You Should Know About Transportation Networking Companies or Ridesharing Services

Be aware of insurance gaps that may exist for drivers and passengers.

Indianapolis – The Indiana Department of Insurance is issuing a consumer alert to make consumers aware of the potential hidden insurance risks of transportation networking companies (TNCs) or ridesharing services.

How Do Ridesharing Services Work?

TNCs offer a type of ridesharing service for an agreed-upon fee – and, yes, there's an app for that.

Consumers needing a lift can download the app and connect with drivers who use their personal vehicles to pick up passengers. These services either use the apps for smartphones, tablets and computers to match customers with drivers, or allow passengers to choose the driver they want based on price, arrival time and other factors. The three most popular TNCs or ridesharing services are Uber, Lyft and Sidecar.



(Image credit: AFP/Getty Images)



Are These Services Operating in Indiana?

If you walk around downtown Indianapolis, you will more than likely see cars donning pink mustaches driving through the streets. These are the personal vehicles of Lyft drivers carrying passengers to their requested destinations. Indiana now has two of the three most popular ridesharing services available. Uber launched in Indianapolis in May 2013, and Lyft followed, making its

debut in Indianapolis in August 2013. Sidecar is not currently offered in Indiana.

Both ridesharing services in Indiana are seeking drivers for their coverage areas. However, if you're considering becoming a driver, you will need to understand the risks.

What Are the Insurance Risks for Drivers of Ridesharing Services?

Whether you're a college student trying to earn some extra spending money or a retiree looking for a part-time job to supplement your income, if you choose to drive for one of the ridesharing services in Indiana, you need to be aware of the insurance risks.

It is very important that you review your personal auto insurance policy. Most standard personal auto policies contain exclusions when a person uses their personal vehicle for commercial purposes (as in transporting passengers for a fee). Also, your personal auto insurance carrier could cancel your insurance with them if they discover you are using your personal vehicle for commercial use. And, without the proper coverage, you could find you are being held responsible for any and all damages that occur to your vehicle, any other vehicle involved, and injuries your passengers incur.

Read the agreement with the ridesharing service and review the company's insurance policy very carefully too to look for limitations and exclusions. Then, contact your agent, broker or insurance company about potential gaps in your personal policy and/or the company's policy.

Is There a Risk for Passengers?

As a consumer, once you sit in the seat of a ridesharing service driver's car, are you covered if there's an accident? If you're a passenger in the car and injured in a collision, the driver's personal auto policy probably won't cover it.

If you choose to ride with one of the two main ridesharing companies in Indiana, Uber (specifically UberX) and Lyft, both now have \$1,000,000 liability covering driver liability for bodily injury and/or property damage of passengers and/or third parties; uninsured/underinsured motorist coverage with \$1,000,000 limit covering bodily injury of drivers and/or passengers and/or third parties for damages caused by an uninsured or underinsured motorist who is at fault.

You should, however, always check with any ride sharing service ahead of time before you step into one of their driver's cars to make sure they will cover you as a passenger in the event you are injured in an accident while riding with them.

"It's important to note that we are specifically alerting consumers to the possible risks associated with transportation networking companies or ridesharing services, not carpooling," said Insurance Commissioner Stephen W. Robertson. "Situations where you are sharing a ride with a friend, family member, neighbor, or coworker and taking turns driving or sharing the cost of gas are not considered ridesharing services."

The [Indiana Department of Insurance](#) (IDOI) protects Indiana's insurance consumers by monitoring and regulating the financial strengths and market conduct activities of insurance companies and agents. The IDOI monitors insurance companies and agents for compliance with state laws to protect consumers and to offer them the best array of insurance products available. The IDOI also assists Hoosiers with insurance questions and provides guidance in understanding how insurance policies work.

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Contact:

Jenifer Groth, APR, Director of Communication and Outreach

(317) 234-8582

jgroth@idoi.in.gov

www.in.gov/idoi